98th Congress, 1st Session - - - - - - - Senate Document No. 98-8

VETO—S. 973

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT MY APPROVAL S. 973, AN ACT TO MAKE TECHNICAL AMENDMENTS TO THE INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT AND OTHER ACTS

JUNE 18, 1983.—Ordered to be printed

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To the Senate of the United States:

I am returning, without my approval, S. 973, "an Act to make technical amendments to the Indian Self-Determination and Education Assistance Act and other Acts." I have no objection to these technical amendments.

However, section 5 of the bill, added by an amendment on the Senate floor, would allow a particular school to transfer to taxable investors tax benefits attributable to a building that it refurbished with Federal funds. Without this legislation, the proposed transaction would result in the school being required to repay the Federal funds used to refurbish the building.

Recently there has been a great deal of concern about the sale of tax benefits by tax-exempt entities through leasing transactions. Leasing transactions similar to the one contemplated by this legislation present tremendous potential for abuse and could result in billions of dollars of revenue loss to the Federal Government. The transaction that this legislation would condone would permit a school that has already received tax deductible contributions and Federal grant money to sell certain tax benefits to outside investors. This case is particularly offensive in that the tax benefits being sold are attributable to property that was paid for with Federal grant money. In addition to receiving money for selling tax benefits, the school, as a tax-exempt entity, would be able to invest the proceeds of the sale and receive the income from such investment tax-free.

The propriety of leasing transactions involving the sale by tax-exempt organizations of tax benefits needs to be scrutinized very carefully. Where the tax benefits being sold are attributable to expenditures of Federal funds, the transaction becomes totally unjustifiable. We cannot condone the sale by a tax-exempt entity of tax benefits produced through the use of Federal funds.

As I have noted, the Indian-related amendments contained in this bill are not objectionable. Accordingly, I urge the Congress to reenact sections 1–4 of S. 973 without delay.

RONALD REAGAN.

THE WHITE HOUSE, *June 17, 1983.*

S. 973

Ninety-eighth Congress of the United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Monday, the third day of January, one thousand nine hundred and eighty-three

An Act

To make technical amendments to the Indian Self-Determination and Education Assistance Act and other Acts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Indian Self-Determination and Education Assistance Act (Public Law 93-638; 88 Stat. 2203) is amended by inserting after section 8 the following new section:

"SEC. 9. The provisions of this Act shall not be subject to the requirements of the Federal Grant and Cooperative Agreement Act of 1977 (Public Law 95-224; 92 Stat. 3).".

SEC. 2. The Act of October 15, 1982 (Public Law 97-344; 96 Stat. 1645), relating to certain restricted land in Kansas, is amended by striking out "the southeast quarter northwest quarter" in paragraph (2) and inserting in lieu thereof "the south 20 acres of the east 60 acres of the northwest quarter".

SEC. 3. The first section of Public Law 97-386, relating to the reservation of the Pascua Yaqui Tribe of Arizona, is amended by inserting "located in township 15 south, range 12 east, Gila and Salt River Meridian," after "tracts of lands".

SEC. 4. (a) Subsections (a) and (b) of section 2415 of title 28, United States Code, are amended by striking out "Indian Claims Act of 1982" each place it appears and inserting in lieu thereof "Indian Claims Limitation Act of 1982".

(b) The last proviso in the first paragraph under the heading "Administrative Provisions", relating to the Bureau of Indian Affairs, of title I of Public Law 97-394 is amended by striking out "The following" and inserting in lieu thereof "Sections 2 through 6 of this Act".

SEC. 5. Upon request of the North Carolina School of the Arts, Winston-Salem, North Carolina, the Secretary of Commerce shall authorize such school to lease to any person the Stevens Center for the Performing Arts building, without affecting the Federal assistance provided by a grant under the Public Works and Economic Development Act of 1965, if such transfer documents provide for the operation of such facility as a performing arts center.

Thomas P. O'Neill Jr.

Speaker of the House of Representatives.

Strom Thurmond

Vice President of the United States and President of the Senate pro Tempore

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I certify that this Act originated in the Senate.

(Signed) WILLIAM F. HILDENBRAND,
Secretary.

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